



Tampa Bay Area

Transaction Overview

Presented by

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Transaction Drivers

- **Buyers** - Most buyers were hesitant to invest during a period of falling values. No one wants to catch a falling knife!
- **Sellers** - Most sellers unwilling to sell at bottom of the market unless there are extenuating circumstances (liquidity, note coming due, or lender REO). One exception is EQR who has been active seller nationwide and is selling many of their older assets in order to retire upcoming debt maturities in 2010-2011.
- **Debt Availability**. During the early 2000s through mid 2007, approximately 80%+ of MF loans were financed through the CMBS markets or local and regional banks (condo conversions). Today, 85% of deals are completed with agency debt (Fannie Mae, Freddie Mac or HUD). Virtually no CMBS financing and very few banks or life companies offering competitive rates.
- Florida is a pre-review state for the agency financing so all loans are under additional scrutiny and underwriting.
- General terms are 70%-75% LTV, 1.25 DCR with rates at 5.25%– 5.75% depending on length of term.

2009 Summary

- Closings were very slow through the first half of the year with only 6 major transaction. This was due to the volatility in the debt and equity markets as investors and lenders tried to get a better understanding of which direction the market was heading.
- Over the last 5 months, we've had 17 major transactions in the market with several others under contract and due to close before year end. We have seen significant increase in transaction velocity during the second half of the year which is mostly attributable to stabilization in the capital markets.
- The vast majority of transactions are Class B and C assets. The sale of Parkcrest at Innisbrook is the only true arms-length Class A transactions since December of 2007. We almost made it 2 full years without a Class A sale!
- Currently, there is plenty of equity in the market looking for opportunities and trying to take advantage of current pricing and low cost of debt. The challenge is the limited supply of quality assets.
- Starting to see more transactions involving fractured condominiums. Previously, these were very challenging for investors to get their arms around and there was no available debt. Pricing levels have now dropped enough that investors are more comfortable. Exit strategy is still going to be a challenge and there is still no debt available. But at very low cost per unit pricing, returns are starting to look attractive. \$30k-\$40/unit for properties that would be \$80k -\$100k/unit if non-fractured.

Capitalization Rates (On In-Place NOI)

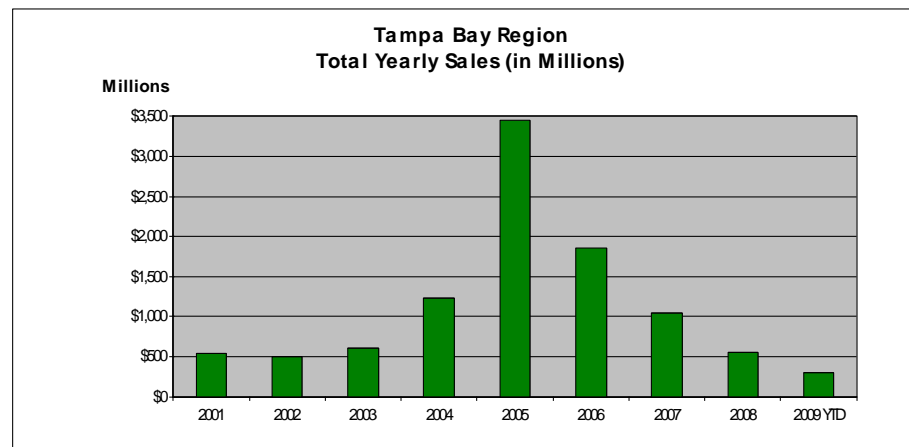
- Class A: 7.00% to 7.50%
- Class B: 7.75% to 8.50%
- Class C: 8.50% to 9.25%

Tampa Bay Region

Market Overview

2009 YTD Sales (\$5 Million +)

Property	City	Built	Seller/ Buyer Type	Date	Price	Units	\$/Unit	Type of Sale
Park Village	Largo	1984	Private/Private	Mar-09	\$5,500,000	141	\$39,007	Fractured Condo
Oceanside Estates	Pinellas Park	1981	Private/Private	Sep-09	\$5,500,000	104	\$52,885	Arms Length
Arbors at Carrollwood	Tampa	2001	Lender/Private	Jun-09	\$5,800,000	149	\$38,926	Fractured Condo
Baywater	Tampa	1985	Private/Private	Nov-09	\$5,959,000	176	\$33,858	Arms Length
Allegro Palm	Riverview	2000	Lender/Private	Sep-09	\$6,250,000	199	\$31,407	Fractured Condo
The Columbian	St. Petersburg	1971	Private/Private	Jul-09	\$6,800,000	188	\$36,170	Arms Length
Vintage Grand	Sarasota	1989	Private/Private	Jun-09	\$6,860,100	196	\$35,001	Fractured Condo
Boca Ciega Townhomes	St. Petersburg	1974	Private/Private	Jan-09	\$7,800,000	109	\$71,560	Arms Length
Fountain Bridge	Tampa	1974	Lender/Private	Oct-09	\$8,500,000	324	\$26,235	Distressed
Seaside Villas	Gulfport	1964	Lender/Private	Mar-09	\$8,500,000	121	\$70,248	Distressed/Failed Condo
Shore Club	Pasadena	1962	Lender/Private	Jun-09	\$9,000,000	198	\$45,455	Distressed/Failed Condo
Costa Del Sol	Seminole	1972	Private/Private	Jul-09	\$9,550,000	144	\$66,319	Arms Length
Doral Oaks	Tampa	1969	REIT/Private	Aug-09	\$10,700,000	252	\$42,460	Arms Length
Hidden Palms	Tampa	1987	REIT/Private	Jan-09	\$14,500,000	256	\$56,641	Arms Length
Fisherman's Landing	Tampa	1987	REIT/Private	Nov-09	\$14,950,000	256	\$58,398	Arms Length
Lofton Place	Tampa	1988	REIT/Private	Sep-09	\$16,000,000	280	\$57,143	Arms Length
Legend Oaks	Tampa	1982	Lender/Private	Dec-09	Confidential	416	Under \$40,000	Distressed
Park at Knightsbridge	Brandon	1999	Lender/Private	Jul-09	\$17,650,000	228	\$77,412	Distressed
Bridgeview	Tampa	1986	REIT/Private	Dec-09	\$20,800,000	348	\$59,770	Arms Length
Palencia	Tampa	1985	REIT/Private	Aug-09	\$23,300,000	420	\$55,476	Arms Length
Three Palms of Carrollwood	Tampa	1986	Institutional/Private	Aug-09	\$23,500,000	438	\$53,653	Arms Length
ParkCrest at Innisbrook	Palm Harbor	2000	Institutional/REIT	Oct-09	\$31,000,000	432	\$71,759	Arms Length
Grand Rvage	Brandon	1999	Lender/Private	Jul-09	\$31,350,000	390	\$80,385	Distressed
Total					305,000,000+	5,765	\$53,000	



Case Study: Three Palms at Carrollwood-Tampa, FL

Date of Sale	8/30/2009
Purchase Price	\$23,500,000
Units	438
Year Built	1986
Price per Unit	\$53,653
Cap Rate*	8.10%
Price per Square Foot	\$64
Average Unit Size (SF)	843
Average Market Rent	\$884
Average Rent per SF	\$1.05
Occupancy at Sale	90%
Buyer	ELCO Landmark Residential
<i>* Based on actual Trailing 90-days revenue with expenses adjusted going forward and \$250 in capital expenses per unit.</i>	



Case Study: What a Difference Three Years Makes!

Date of Sale	July '06	July '09
Purchase Price	\$35,300,000	\$23,500,000
Price / Unit	\$80,594	\$53,653
Price / SF	\$95.60	\$63.62
Avg. Market Rent	\$791	\$884
PGI	\$4,560,000	\$5,030,000
Vacancy & Concessions	\$410,000	\$830,000
EGI	\$4,150,000	\$4,200,000
Expenses	\$2,000,000	\$2,300,000
NOI	\$2,150,000	\$1,900,000
Cap Rate	6.1%	8.1%
33.4% Decrease in Value: 1/3 due to change in NOI, 2/3 due to change in cap rate.		

Tampa Bay Region

Trends and Forecast

- Transaction volume has slowed considerably - \$305M YTD in 2009, compared to \$550M in 2008 and over \$1B in 2007.
- Only one arm's length Class A sale in 2009.
- Approximately 60% of YTD sales were arm's length, market transactions – remaining 40% were distressed or fractured.
- Lack of motivated Sellers - Lenders reluctant to foreclose preferring to keep loan on books, extend or modify.
- As Sellers, REITs (AIMCO & EQR) have accounted for 22% of the sale transactions in our market. As a percentage, this will likely be lower for 2010.
- 2010 expected to be slightly more active than 2009. However, we expect to see less sales activity from the REITs and more REO sales and fractured deals from the lenders.